

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

THE WASHINGTON HARBOUR
3000 K STREET, NW, SUITE 300
WASHINGTON, DC 20007-5116
TELEPHONE (202) 424-7500
FACSIMILE (202) 424-7647
WWW.SWIDLAW.COM

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T.R.A. DOCKET ROOM

NEW YORK OFFICE
THE CHRYSLER BUILDING
405 LEXINGTON AVENUE
NEW YORK, NY 10174
TELEPHONE (212) 973-0111
FACSIMILE (212) 891-9598

January 9, 2004

BY OVERNIGHT MAIL

Sharla Dillon, Dockets and Records Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

Re: Docket No. 03-00634; Joint Petition of Lightyear Communications, Inc., Lightyear Telecommunications LLC, and Lightyear Network Solutions, Inc. for Grant of Authority Necessary to Consummate a Corporate Reorganization

Dear Ms. Dillon:

On behalf of Lightyear Communications, Inc., Lightyear Telecommunications LLC, and Lightyear Network Solutions, LLC (collectively, "Petitioners"), enclosed for filing are an original and thirteen (13) copies of the response to the data request dated December 31, 2003.

Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed, stamped envelope enclosed herein. Should you have any questions, please do not hesitate to contact Danielle Burt at (202) 295-8439.

Respectfully submitted,



Danielle C. Burt

Enclosures

cc: Brent Rice
Linda Hunt

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

Joint Petition of
Lightyear Communications, Inc.,
Lightyear Telecommunications LLC,
and Lightyear Network Solutions, LLC
Grant of Authority Necessary to
Consummate a Corporate Reorganization

Docket No. 03-00634

**PETITIONER'S RESPONSES TO THE REGULATORY AUTHORITY'S
DATA REQUESTS DATED DECEMBER 31, 2003**

1. Please provide a balance sheet, pre-bankruptcy and a projected balance sheet for LV (*sic*) Acquisition, LLC (hereinafter "New Lightyear"). Also provide and projected income statement for New Lightyear for the next 12 months.

A-1 Please see Attachment 1--filed under seal--for the pre-bankruptcy and projected balance sheets for LY Acquisition, LLC and the projected income statement.
2. Why was bankruptcy necessary? Was it for survival? Was it in order to compete more effectively?

A-2 The bankruptcy proceeding occurred in response an involuntary petition for Chapter 7. Creditors of Lightyear Holding Company, the parent of Lightyear Communications, Inc. and Lightyear Telecommunications, LLC, filed the involuntary Chapter 7 petition to recover outstanding debt.
3. What circumstances triggered this bankruptcy?

A-3 Please see the answer to question 2 above.
4. You state that the same management will be in place under the New Lightyear as was in place under the old Company. How can the Authority be convinced that New Lightyear will be managed more carefully to avoid bankruptcy in the future?

A-4 Although New Lightyear will be managed by much of the same management from the previous companies, new investors, new capital, and the debt restructuring that occurs in a bankruptcy proceeding will allow New Lightyear to be managed more effectively. In addition, the bankruptcy court considered the buyer's qualifications before approving the sale.

5. The Company states that it will have a bank loan of \$14 million secured by the assets of New Lightyear turned over from Lightyear. Please provide details about this bank loan since the Authority normally is required to approve all issues of debt.

A-5 New Lightyear has a commitment for a \$14 million bank loan. The current proposal for this loan would be for a term of one year and variable interest rates between 1 and 3.75%. However, New Lightyear is concurrently seeking alternative lenders that will offer more favorable terms. In addition, minimal finalized loan documents have been prepared because the loan is likely to occur simultaneously with the sale closing. Thus, New Lightyear requests approval of the right to enter into a loan agreement as part of the overall transaction as the terms may change slightly at a later date.

6. The Company also states that they will have new investors, some of which will be senior level management of the bankrupt company. Provide the amount of equity to be provided by the major new investors, particularly the senior level management of the old company.

A-6 The new investors have already contributed \$7.5 million in loan participation; that is, purchasing a portion of the existing Debtor-in-Possession funding. At the time of closing, this participation will serve as the basis for the equity investment in the post-closing operations.

7. Please explain in detail why New Lightyear will be managed in such a way to avoid future financial difficulties, and will remain a viable company in Tennessee. Will rates need to be raised in the near future?

A-7 New Lightyear does not anticipate that Tennessee rates will need to be raised in the near future. In addition, New Lightyear has a reformulated business plan that will allow it to concentrate on its core business and avoid future financial difficulties.

8. The Authority's responsibility is to maintain a healthy, reliable, viable company that can provide adequate service, new technology and services, and contribute to the benefit of its customers. What assurances can you give the Authority that the New Lightyear will not emulate its forerunner?

A-8 As previously stated, New Lightyear has new investors and new capital which will allow the company to be managed more effectively. Moreover, these investors' qualifications were considered prior to the bankruptcy court approving the sale of assets, which should reassure the Authority of New Lightyear's ability to maintain a reliable and viable company.

ATTACHMENT 1

Financial Statements

(Filed Under Seal)